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WISCONSIN INDIANHEAD TECHNICAL COLLEGE

Annual Audited Financial Statements for fiscal year ended June 30, 2012



Wisconsin Indianhead Technical College District

Shell Lake, WI

Financial Statements With Supplementary
Financial Information

Years Ended June 30, 2012 and 2011

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Wisconsin Indianhead Technical College District

Financial Statements With Supplementary Financial Information

Years Ended June 30, 2012 and 2011

Table of Contents

Financial Section

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statements of Net Assets	12
Statements of Revenues, Expenses and Change in Net Assets	14
Statements of Cash Flows	16
Fiduciary Funds - WITC Postemployment Benefits Trust	
Statements of Net Assets	18
Statements of Changes in Net Assets	19
Notes to Financial Statements	20

Required Supplementary Information and Notes

Schedules of Funding Progress and Employer Contributions - OPEB	49
Schedule of Funding Progress - Pension	50
Notes to Required Supplementary Information	51

Supplementary Financial Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - General Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue Fund	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - Capital Projects Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - Debt Service Fund	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - Enterprise Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - Internal Service Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue Non-Aidable Fund	64
Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to	
Basic Financial Statements	66
Notes to Budgetary Comparison Schedules	68
Schedule of Expenditures of Federal Awards	71
Schedule of Expenditures of State Awards	73
Notes to the Schedules of Expenditures of Federal and State Awards	75

Single Audit Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance With <i>Government Auditing Standards</i>	76
Independent Auditor's Report on Compliance with Requirements That Could Have a	
Direct and Material Effect on Each Major Federal and State Program and Internal Control	
Over Compliance in Accordance With OMB Circular A-133	78
Schedule of Findings and Questioned Costs	80
Schedule Prior Year's Findings and Questioned Costs	85



Independent Auditor's Report

Board of Directors
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Wisconsin Indianhead Technical College District (the "District"), as of and for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Wisconsin Indianhead Technical College District, as of June 30, 2012 and 2011, and the results of its operations and cash flows for the years ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 3 through 11 and 49 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wisconsin Indianhead Technical College District's financial statements as a whole. The budgetary comparison schedules and the schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the budgetary comparison schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 18, 2012
Eau Claire, Wisconsin

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Management's Discussion and Analysis

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Wisconsin Indianhead Technical College District
Management's Discussion and Analysis
Years Ended June 30, 2012 and 2011

Wisconsin Indianhead Technical College (WITC) District's management discussion and analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of the basic financial statements to focus on noteworthy financial issues.

While maintaining its financial health is crucial to the long-term viability of WITC, the primary mission of a public institution of higher education is to provide education and training. Therefore, net assets are accumulated only as required to ensure that there are sufficient reserve funds to avoid cash flow borrowing and to prevent short-term reactionary changes due to higher than anticipated expenses or lower than anticipated revenues. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying basic financial statements.

This annual report consists of a series of basic financial statements, prepared in accordance with accounting principles generally accepted in the United States, as stated in the Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 43, *Financial Accounting for Postemployment Benefit Plans Other Than Pension Plans*; and Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Statements of Revenues, Expenses, and Change in Net Assets

The statements of revenues, expenses, and change in net assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. In general, a public college such as WITC will report an operating deficit or loss, since the financial reporting model classifies state appropriations and property taxes as nonoperating revenues. The utilization of capital assets is reflected in the basic financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The following is a condensed version of the statements of revenues, expenses, and change in net assets for the years ended June 30, 2012, 2011, and 2010.

	2012	2011	Increase / (Decrease) 2012 - 2011		2010	Increase / (Decrease) 2011 - 2010		
Operating revenues:								
Tuition and fees	\$ 7,960,746	\$ 7,830,246	\$ 130,500	1.7%	\$ 10,719,487	\$ (2,889,241)	-27.0%	
State and federal grants	15,550,575	16,963,360	(1,412,785)	-8.3%	8,540,476	8,422,884	98.6%	
Contract revenue	761,383	606,258	155,125	25.6%	655,686	(49,428)	-7.5%	
Miscellaneous	500,988	1,046,869	(545,881)	-52.1%	394,877	651,992	165.1%	
Total operating revenues	24,773,692	26,446,733	(1,673,041)	-6.3%	20,310,526	6,136,207	30.2%	
Operating expenses:								
Instruction	30,589,535	31,050,423	(460,888)	-1.5%	30,409,880	640,543	2.1%	
Instructional resources	1,488,423	1,178,376	310,047	26.3%	1,940,838	(762,462)	-39.3%	
Student services	5,480,730	5,768,776	(288,046)	-5.0%	5,378,018	390,758	7.3%	
General institutional	8,055,093	7,886,017	169,076	2.1%	7,947,558	(61,541)	-0.8%	
Physical plant	2,342,686	3,514,218	(1,171,532)	-33.3%	3,282,064	232,154	7.1%	
Auxiliary enterprise services	2,744,810	2,855,417	(110,607)	-3.9%	2,781,945	73,472	2.6%	
Depreciation	2,604,802	2,639,398	(34,596)	-1.3%	2,518,660	120,738	4.8%	
Student aid	9,212,074	10,022,546	(810,472)	-8.1%	4,366,743	5,655,803	129.5%	
Total operating expenses	62,518,153	64,915,171	(2,397,018)	-3.7%	58,625,706	6,289,465	10.7%	
Nonoperating revenues (expenses):								
Property taxes	37,191,617	37,023,265	168,352	0.5%	36,068,087	955,178	2.6%	
State nonoperating appropriations	2,078,508	2,888,833	(810,325)	-28.1%	3,039,893	(151,060)	-5.0%	
Other nonoperating revenues	61,654	61,824	(170)	-0.3%	121,113	(59,289)	-49.1%	
Investment income earned	45,896	59,721	(13,825)	-23.1%	67,409	(7,688)	-11.4%	
Interest expense	(497,396)	(562,548)	65,152	-11.6%	(647,405)	84,857	13.1%	
Gain on disposal of capital assets	23,710	3,532	20,178	571.3%	12,668	(9,136)	-72.1%	
Total nonoperating revenues (expenses)	38,903,989	39,474,627	(570,638)	-1.4%	38,661,765	812,862	2.1%	

	2012	2011	Increase / (Decrease) 2011 - 2012		2010	Increase / (Decrease) 2011 - 2010	
Change in net assets	\$ 1,159,528	\$ 1,006,189	\$ 153,339	15.2%	\$ 346,585	\$ 659,604	190.3%
Net assets - Beginning of year	27,259,351	26,253,162	1,006,189	3.8%	25,906,577	346,585	1.3%
Net assets - End of year	\$ 28,418,879	\$ 27,259,351	1,159,528	4.3%	\$ 26,253,162	\$ 1,006,189	3.8%

Some of the most noteworthy results of operations for the current year are reflected below:

Operating revenues are the charges for services offered by the college. During 2012, the college generated approximately \$24.7 million of operating revenue. Significant items and revenue sources are as follows:

Tuition and fee income increased by 2% in 2012, which reflects an increase in tuition rates of 4.5% coupled with a decline in student enrollment full time equivalent (FTE).

Contract revenues were approximately \$761,000 for the year and represent revenue from instructional and technical assistance contracts with business and industry as well as local school districts.

Auxiliary enterprise revenues are revenues generated by the bookstore, program retail and services sales, food service, and other similar activities of the college. Revenues of \$2,683,844, a increase of 2% in 2012, were generated by these activities this year and are included in tuition and fees.

State and federal grant revenue decreased 8.3% or \$1,412,785 in 2012, which reflects a decrease in grant funding provided by state, local and federal governments.

Operating expenses are costs related to offering the programs of the District. For 2012, operating expenses totaled approximately \$62.5 million. Approximately 63.0% of this figure represents personnel-related costs. Another major expense was depreciation (4.2%). Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 32.8% of total operating expenses.

Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as college initiatives and priorities. In 2012, physical plant expenses decreased 33.3% primarily due to major facility improvements in 2011 which were limited to renovation projects at the New Richmond Campus location. Instructional resources expenses increased 26.3% as a result of normalized spending on instructional technology equipment. The 8.1% decrease in Student Aid reflects decreased financial aid to students via state and federal programs as a result of decreased eligibility for students, as well as, a decline in student enrollments.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2012, decreased 1.4%. The most significant components of net nonoperating revenues include the following:

Property taxes levied by the District for 2012 were approximately \$168,000 more than in the prior year. The increase was levied primarily to cover increases in operating expenditures related to debt repayment.

State non-operating appropriations decreased by approximately 28.1% as compared to the previous year. The amount of the decrease was primarily due to a reduction in state appropriations provided by the State of Wisconsin.

Investment income decreased by approximately 23.1%, reflecting decreasing interest rates.

Net assets for 2012 increased \$1,159,528 as a result of the above activity.

Statements of Cash Flows

The statement of cash flows presents information related to cash inflows and outflows, summarized by operating, financing, and investing activities. This statement is important in evaluating the District's ability to meet financial obligations as they mature.

The following schedule shows the major components of the statements of cash flows:

	2012	2011	<u>Increase / (Decrease)</u> 2012 - 2011		2010	<u>Increase / (Decrease)</u> 2011 - 2010	
Net cash used in operating activities	\$ (35,547,645)	\$ (34,951,559)	\$ (596,086)	-1.7%	\$ (35,831,489)	\$ 879,930	2.5%
Net cash provided by non- capital financing activities	39,085,706	39,181,919	\$ (96,213)	0.2%	38,046,594	1,135,325	3.0%
Net cash used in capital and related financing activities	(3,952,488)	(1,698,835)	\$ (2,253,653)	-132.7%	(4,015,087)	2,316,252	57.7%
Net cash provided by investing activities	45,896	59,721	\$ (13,825)	23.1%	67,409	(7,688)	-11.4%
Net increase / (decrease) in cash and investments	\$ (368,531)	\$ 2,591,246	\$ (2,959,777)	114.2%	\$ (1,732,573)	\$ 4,323,819	249.6%

Specific items of interest related to the statements of cash flows include the following:

The largest component of cash used in operating activities was payments to employees for salaries/wages and benefits. Approximately \$38.6 million was paid in 2012.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$21.1 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$8 million in tuition and fees and approximately \$15 million in state and federal grants.

Property taxes received of approximately \$37.5 million are categorized as cash flows from non-capital financing activities. The other major item in this category is state appropriations, which accounted for approximately \$2.1 million of positive cash flow.

The cash used in capital and related financing activities is primarily made up of two categories of cash flows: Purchases of capital assets and capital-related debt activity (debt proceeds and principal and interest payments). Net cash used in this category was approximately \$4.0 million as compared to \$1.7 million in 2011. The increase in net cash outlay between 2012 and 2011 primarily represents a lower level of cash inflows from capital borrowing.

Investment income is interest received on the District's investments.

Overall, the District's cash decreased by \$(368,531) for the current fiscal period.

Statements of Net Assets

The statements of net assets include all assets (items that the District owns and amounts owed to the District by others) and liabilities (amounts owed to others by the District and what has been collected from others for which a service has not yet been performed). These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to the District—regardless of when cash is exchanged.

The following is a condensed version of the statements of net assets as of June 30, 2012, 2011, and 2010:

	2012	2011	Increase / (Decrease) 2012 - 2011		2010	Increase / (Decrease) 2011 - 2010		
Assets:								
Cash and investments	\$ 11,029,230	\$ 11,397,760	\$ (368,530)	-3.2%	\$ 8,806,514	\$ 2,591,246	29.4%	
Net capital assets	27,094,458	23,909,107	3,185,351	13.3%	21,410,542	2,498,565	11.7%	
Other assets	17,055,610	16,883,271	172,339	1.0%	17,240,286	(357,015)	-2.1%	
Total assets	55,179,298	52,190,138	2,989,160	5.7%	47,457,342	4,732,796	10.0%	
Liabilities:								
Current liabilities	9,261,568	8,945,821	315,747	3.5%	8,150,311	795,510	9.8%	
Noncurrent liabilities	17,498,850	15,984,966	1,513,884	9.5%	13,053,869	2,931,097	22.5%	
Total liabilities	26,760,418	24,930,787	1,829,631	7.3%	21,204,180	3,726,607	17.6%	
Net Assets:								
Invested in capital assets, net of related debt	8,725,313	7,724,214	1,001,099	13.0%	7,872,496	(148,282)	-1.9%	
Restricted for debt service	5,634,749	5,367,049	267,700	5.0%	5,000,219	366,830	7.3%	
Unrestricted	14,058,817	14,168,088	(109,271)	-0.8%	13,380,447	787,641	5.9%	
Total net assets	\$ 28,418,879	\$ 27,259,351	1,159,528	4.3%	\$ 26,253,162	\$ 1,006,189	3.8%	

Specific items of interest related to the statement of net assets include the following:

Cash and investments decreased by \$368,531 in 2012. This is primarily the result of a net decrease in cash from self-insurance related activities.

The largest component of the District's assets is capital assets, which represents the District's investment in its physical plant and in equipment. The net capital asset balance increased by 13.3%.

The other assets category is made up of various receivable balances, including property taxes receivable of approximately \$14.5 million.

Current liabilities include accounts payable, various types of accruals, and the portion of the long-term obligations due within the next fiscal year. At year-end, the current portion of the District's long-term obligations was approximately \$6.0 million.

Long-term liabilities of approximately \$17.5 million represent the portion of long-term obligations due after fiscal year 2012-13.

Capital Assets and Debt Administration

The District's investment in capital assets net of related debt as of June 30, 2012, amounts to \$8,725,313. This includes land and land improvements, buildings and improvements, and movable equipment. The most significant building projects in fiscal year 2012 were remodeling initiatives at the New Richmond Campus.

At the end of the 2012 fiscal year, the District had total general obligation debt outstanding of approximately \$22.1 million. The District's Moody's Investor Services bond rating was maintained at Aaa. The District has continued to meet all of its debt service requirements. All general obligation debt for equipment is repaid in three years, while debt related to building and remodeling is repaid in five to eight years. The debt is secured by the taxing authority of the District. The current debt structure adequately replaces and expands the equipment and facility needs of the District.

Financial Position

WITC's financial position improved, as net assets grew by \$1,159,528. The growth occurred as operating expenditure decreases substantially outpaced overall revenue decreases.

The District has a diverse source of revenue streams, which include state aid and grants, federal grants, tuition, and property taxes. By far, property taxes remain the most significant and stable source of revenue for WITC. While WITC's statutory taxing authority remains significantly below allowable levels, it is noteworthy that the District's equalized valuation experienced a decline for levy year 2013. In the long run, this type of recurring decrease would adversely affect the District's ability to tax.

Economic Factors

While commercial and residential development has stagnated and the economy has stalled, WITC remains on solid financial footing. Current statutory limits on WITC's tax levy are well above the District's actual tax levy. However, these limits are ultimately under the control of the legislature. Wisconsin's Biennium Budget Bill for 2012-2013 provided for a tax levy freeze for Wisconsin Technical Colleges that will affect future years for WITC. Unless approved by referendum, the District's tax levy in 2011 and 2012, excluding taxes levied for the purpose of paying principal and interest on valid bonds and notes, may not exceed the greater of: (i) the tax levy in 2010 and (ii) the amount generated using the mill rate used for the tax levy in 2010.

In addition, it is important to note that one of the District's other major sources of revenue – tuition and fees, has historically been positively affected by economic downturns. As markets adjust and workers need to develop new skills, enrollments at technical colleges typically rise. This could partially offset some of the potential impact of tax levy restrictions. Information related to 2012-2013 enrollments suggests modest increases in students returning to school from the workplace. In addition, like most organizations, WITC has identified several areas of concern that could impact future decisions as follows:

State funding for the Technical College System remains stagnant despite a slight increase provided in the previous state budget. The current state budget provides for a 30% reduction for fiscal year 2012 and fiscal year 2013. As a result, students, through tuition and fees, and property taxpayers are required to contribute a larger share of District revenues.

Equalized values of property within the District are decreasing at a lower rate than recent years. It appears this trend will continue at least in the short term. The stable tax levy with decreasing valuations will result in an increase in the mill rate.

Increasing financial pressure will require the District to evaluate its allocation of existing resources. The ability to meet new program needs will be constrained by resource availability.

Personnel and health insurance cost will continue to rise at a faster rate than new revenues.

The impact of technology and resulting productivity of employers in the market require continuous improvement of WITC's existing programs, as well as the development of new programs in response to evolving occupations and advancing technology.

The need to remain current with expanding technology is great. Technology-related expenses are a key requirement in providing a high quality education.

The District has benefit plans in place with its various employee groups that provide for benefits after retirement. The other postretirement employee benefits (OPEB) under these agreements will reduce amounts available for current expenditures.

Economic Factors (continued)

With these challenges in mind, the long-term financial planning established by the District in conjunction with the District board will allow WITC to effectively meet the financial needs of operations in the future. The low mill rate currently in place allows flexibility to address the needs of stakeholders of the college. The District has established and partially funded a trust, which will help minimize the effects to its operations of benefits provided to future retirees. The overall current financial position is strong, and the District is committed to remaining financially stable in the future.

Requests for Information

This financial report is designed to provide a general overview of the College's financial picture for those interested parties. Questions concerning any information contained in this report or for any additional information should be addressed to the Associate Vice President of Finance and Business Services, 505 Pine Ridge Drive, Shell Lake, WI 54871.

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Basic Financial Statements

Wisconsin Indianhead Technical College District

Statements of Net Assets

June 30, 2012 and 2011

<i>Assets</i>	2012	2011
Current assets:		
Cash and investments	\$ 7,295,873	\$ 7,152,570
Receivables:		
Local taxes	14,498,353	14,822,156
Accounts receivable	1,888,320	1,201,552
Inventories	668,937	824,554
Prepaid expenses	-	35,009
Total current assets	24,351,483	24,035,841
Noncurrent assets:		
Restricted cash and investments	3,733,356	4,245,190
Capital assets, not being depreciated	2,577,959	1,802,305
Capital assets, being depreciated	61,975,168	57,244,842
Accumulated depreciation	(37,458,669)	(35,138,040)
Total noncurrent assets	30,827,814	28,154,297
TOTAL ASSETS	\$ 55,179,297	\$ 52,190,138

<i>Liabilities and Net Assets</i>	2012	2011
Liabilities:		
Current liabilities:		
Accounts payable	\$ 572,907	\$ 995,824
Accrued liabilities:		
Payroll, payroll taxes, and insurance	1,477,783	1,587,381
Accrued interest	132,105	134,529
Accrued vacation	366,100	303,466
Deferred revenue	403,617	325,037
Due to student and other organizations	254,739	160,355
Current portion of long-term obligations	6,054,317	5,439,229
Total current liabilities	9,261,568	8,945,821
Noncurrent liabilities:		
General obligation debt	16,560,943	15,459,802
Net pension obligation	307,292	338,724
Sick leave	598,540	210,394
Net OPEB obligation (asset)	32,075	(23,954)
Total noncurrent liabilities	17,498,850	15,984,966
Total liabilities	26,760,418	24,930,787
Net assets:		
Invested in capital assets - Net of related debt	8,725,313	7,724,214
Restricted for:		
Debt service	5,634,749	5,367,049
Unrestricted	14,058,817	14,168,088
Total net assets	28,418,879	27,259,351
TOTAL LIABILITIES AND NET ASSETS	\$ 55,179,297	\$ 52,190,138

Wisconsin Indianhead Technical College District

Statements of Revenues, Expenses, and Change in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenue:		
Student program fees (tuition): Net of scholarship allowance of \$3,877,594 and \$3,949,396, respectively	\$ 4,392,451	\$ 4,338,636
Student material fees: Net of scholarship allowance of \$263,434 and \$291,446, respectively	297,294	320,568
Other student fees: Net of scholarship allowance of \$478,399 and \$491,650, respectively	587,157	540,775
Federal grants	14,671,518	15,744,200
State grants	879,057	1,219,160
Business and industry contract revenue	761,383	606,258
Auxiliary enterprise revenue	2,683,844	2,630,267
Miscellaneous	500,988	1,046,869
Total operating revenue	24,773,692	26,446,733
Operating expenses:		
Instruction	30,589,535	31,050,423
Instructional resources	1,488,423	1,178,376
Student services	5,480,730	5,768,776
General institutional	8,055,093	7,886,017
Physical plant	2,342,686	3,514,218
Auxiliary enterprise services	2,744,810	2,855,417
Depreciation	2,604,802	2,639,398
Student aid	9,212,074	10,022,546
Total operating expenses	62,518,153	64,915,171
Operating loss	(37,744,461)	(38,468,438)

	2012	2011
Nonoperating revenues (expenses):		
Property taxes	\$ 37,191,617	\$ 37,023,265
State nonoperating appropriations	2,078,508	2,888,833
Other nonoperating revenues	61,654	61,824
Investment income earned	45,896	59,721
Interest expense	(497,396)	(562,548)
Gain on disposal of capital assets	23,710	3,532
Total nonoperating revenues (expenses)	38,903,989	39,474,627
Change in net assets	1,159,528	1,006,189
Net assets - Beginning of year	27,259,351	26,253,162
Net assets - End of year	\$ 28,418,879	\$ 27,259,351

Wisconsin Indianhead Technical College District

Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Increase (decrease) in cash and investments:		
Cash flows from operating activities:		
Tuition and fees received	\$ 7,934,463	\$ 7,859,908
Federal and state grants received	15,339,241	17,150,564
Business, industry, and school district contract revenues	588,343	771,269
Payments to employees	(38,644,689)	(40,583,964)
Payments for materials and services	(21,068,460)	(21,195,703)
Other receipts	303,457	1,046,367
Net cash used in operating activities	(35,547,645)	(34,951,559)
Cash flows from noncapital financing activities:		
Local property taxes	37,515,420	36,790,938
State appropriations	2,078,508	2,888,833
Other nonoperating revenues	61,654	61,824
Principal paid on noncapital debt	(525,000)	(495,000)
Interest and fiscal charges paid on noncapital debt	(44,876)	(64,676)
Net cash provided by noncapital financing activities	39,085,706	39,181,919
Cash flows from capital and related financing activities:		
Purchases of capital assets	(5,790,152)	(5,137,963)
Proceeds from the sale of capital assets	23,710	3,532
Proceeds from issuance of capital debt	7,056,812	8,510,459
Principal paid on capital debt	(4,740,000)	(4,530,000)
Interest and fiscal charges paid on capital debt	(502,858)	(544,863)
Net cash used in capital and related financing activities	(3,952,488)	(1,698,835)
Cash flows from investing activities:		
Investment income received	45,896	59,721
Net increase (decrease) in cash and investments	(368,531)	2,591,246
Cash and investments - Beginning of year	11,397,760	8,806,514
Cash and investments - End of year	\$ 11,029,229	\$ 11,397,760

	2012	2011
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (37,744,461)	\$ (38,468,438)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	2,604,802	2,639,398
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(686,768)	412,325
Inventories	155,617	168,727
Prepaid expenses	35,009	8,290
Increase (decrease) in liabilities:		
Accounts payable	(422,917)	380,562
Accrued payroll, payroll taxes, and insurance	(109,598)	118,144
Accrued vacation	62,634	37,225
Deferred program and material fees	78,580	(30,951)
Net pension obligation	(96,660)	(144,774)
Sick leave	425,704	12,488
Net OPEB obligation	56,029	(151,656)
Due to student and other organizations	94,384	67,101
Net cash used in operating activities	\$ (35,547,645)	\$ (34,951,559)

Wisconsin Indianhead Technical College District

Fiduciary Funds - WITC Postemployment Benefits Trust

Statements of Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Assets:		
Cash and investments	\$ 2,741,133	\$ 2,096,338
Contributions receivable	-	216,913
Total Assets	\$ 2,741,133	\$ 2,313,251
Net assets:		
Restricted for other postemployment benefits	\$ 2,741,133	\$ 2,313,251

Wisconsin Indianhead Technical College District

Fiduciary Funds - WITC Postemployment Benefits Trust

Statements of Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Additions:		
Employer contributions	\$ 1,200,000	\$ 1,224,976
Interest	26,635	28,346
Total additions	1,226,635	1,253,322
Deductions:		
Benefits paid	798,753	533,087
Change in net assets	427,882	720,235
Net assets - Beginning of year	2,313,251	1,593,016
Net assets - End of year	\$ 2,741,133	\$ 2,313,251

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of the Wisconsin Indianhead Technical College District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States as applied to public colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Reporting Entity

The Wisconsin Indianhead Technical College District was organized in 1972 under state legislation enacted in 1911 establishing vocational, technical, and adult education. The District is fully accredited by the Higher Learning Commission of the North Central Association. The geographic area of the District is comprised of all or part of 11 counties.

The District, governed by a nine-member board appointed by board chairpersons of counties within the service area, operates a public community college offering one- and two-year degrees and a comprehensive adult education program.

As the District's governing authority, the Board's powers include:

- Authority to borrow money and levy taxes.
- Budgeting authority.
- Authority over other fiscal and general management of the District which includes, but is not limited to, the authority to execute contracts, to exercise control over facilities and properties, to determine the outcome or disposition of matters affecting the recipients of the services provided, and to approve the hiring or retention of key management personnel who implement Board policy and directives.

The accompanying financial statements present the activities of the Wisconsin Indianhead Technical College District. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

The Wisconsin Indianhead Technical College Foundation, Inc. (the "Foundation"), is a not-for-profit organization whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the benefit of the District and its students. The Foundation is managed by an independent board of directors, and is not financially accountable to the District. The financial resources of the Foundation are not significant to the District as a whole and, accordingly, financial information related to the Foundation is not included in these financial statements.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Operating revenues and expenses generally include all fiscal transactions directly related to instructional and auxiliary enterprise activities plus administration, operation, and maintenance of capital assets and depreciation on capital assets. Included in non-operating revenues are property taxes, state appropriations, investment income, and revenues for capital construction projects. Interest on debt is a non-operating expense.

The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, which do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State Statutes permit the District to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations of Wisconsin municipal entities, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State investment board.

All investments are stated at fair value. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Receivables

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

The District considers student accounts to be past due when a student has an account balance after the payment due date for the class. Contract receivables are considered past due 30 days after the date of billing. Past due accounts are subject to past due letter collection efforts and are subsequently placed with third-party collection agencies and the State of Wisconsin Tax Refund Interception Program (TRIP). If an account balance still exists after three years, the account is written off.

Inventories and Prepaid Expenses

Inventories of books and supplies are valued at the lower of cost, using the first-in/first-out (FIFO) method or market. Instructional and administrative inventories are accounted for as expenses when purchased. Prepaid expenses represent payments made by the District for which benefits extend beyond June 30.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets. Donated capital assets are recorded at estimated fair market value at the time of donation.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 7 years for equipment, 15 years for site improvements, 20 years for remodeling, and 40 years for buildings.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statements of revenues, expenses, and changes in net assets. There were no impairment losses recorded in the years ended June 30, 2012 and 2011.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Vacation - District employees are granted vacation in varying amounts, based on length of service and staff classifications. Vacation earned is forfeited if not taken by August 15 of the next fiscal year. Liabilities for vacation- and salary-related payments, including social security taxes, are recorded when incurred.

Sick Leave - The District's policy allows employees to earn varying amounts of sick pay based on the length of service and staff classification. The accumulated sick leave does not vest unless criteria are met for payment upon retirement as described in Note 9. Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*.

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenses when paid.

Postemployment Benefits Other Than Pension Benefits – See Note 8 for the details of these benefits.

Net Assets

Net assets are classified according to restrictions or availability of assets for District obligations. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the District and taxing entities' treasurers for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the taxing entities before retaining any for county purposes.

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full by two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Under Section 38.16 of the Wisconsin Statutes, the District Board may levy a tax not to exceed a rate of \$1.50 per \$1,000 of the equalized value of taxable property within the area served by the District for the purposes of making capital improvements, acquiring equipment, and operating and maintaining schools. The mill rate limitation is not applicable to taxes levied for the purpose of paying principal and interest on general obligation notes payable issued by the District. For the years ended June 30, 2012 and 2011, the District levied at the following mill rate:

	2012	2011
Operating purpose	\$ 0.99232	\$ 0.96278
Debt service requirements	0.18779	0.17724
Total	\$ 1.18011	\$ 1.14002

State and Federal Revenues

State general and categorical aids are recognized as revenue in the entitlement year. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred or eligibility requirements are met. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Tuition and Fees

Student tuition and fees are recorded, net of scholarships, as revenue in the period in which the related activity or instruction takes place. Tuition and fees for the summer semester are prorated on the basis of student class days occurring before and after June 30.

Scholarship Allowances and Student Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties, and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total District basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third-party aid.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 2 Cash and Investments

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2012, none of the District's bank balance of \$7,716,220 was exposed to custodial credit risk.

Investments

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk - State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Investment Pool. The District has no investment policy that would further limit its investment choices.

The District's cash and investments balances at June 30 were as follows:

	Maturity	2012	2011
Certificates of deposit		\$ -	\$ 2,333,518
Wisconsin Local Government Investment Pool	<1 year	6,598,783	7,110,383
Total investments (considered cash equivalents)		6,598,783	9,443,901
Cash deposits with financial institutions carrying amount		7,162,449	4,041,237
Petty cash		9,130	8,960
Less - Cash and investments held by fiduciary funds		(2,741,133)	(578,273)
Cash and investments reported on statements of net assets		\$ 11,029,229	\$ 12,915,825

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 2 Cash and Investments (Continued)

Investments (Continued)

The District has invested funds in the Wisconsin Local Government Investment Pool (LGIP). The LGIP is an investment pool managed by the State of Wisconsin Investment Board, which allows governments within the state to pool their funds for investment purposes. The LGIP is not registered with the SEC as an investment company but does operate in a manner consistent with Rune 2(a)7 of the Investment Company Act of 1940. Investments in the LGIP are valued at fair value.

Cash and investments are classified as follows on June 30:

	2012		2011
Restricted for:			
Debt service	162,644	\$	523,590
Capital projects	3,570,712		3,721,600
Total restricted	3,733,356		4,245,190
Unrestricted	7,295,873		8,670,635
Total cash and investments	\$ 11,029,229	\$	12,915,825

Note 3 Accounts Receivable

Accounts receivable consisted of the following on June 30:

	2012		2011
Student tuition and fees	\$ 546,050	\$	441,187
Intergovernmental	390,219		178,885
Contracted services	751,313		578,273
Other	200,738		3,207
Totals	\$ 1,888,320	\$	1,201,552

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 4 Capital Assets

Capital asset balances and activity were as follows for the years ended June 30, 2012:

	2012			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	1,591,029	2,366,683	1,591,029	2,366,683
Total capital assets not being depreciated	1,802,305	2,366,683	1,591,029	2,577,959
Capital assets being depreciated:				
Site improvements	1,356,512	-	-	1,356,512
Buildings and improvements	40,527,897	3,566,497	-	44,094,394
Equipment	15,360,433	1,448,002	284,173	16,524,262
Total capital assets being depreciated	57,244,842	5,014,499	284,173	61,975,168
Less accumulated depreciation for:				
Site improvements	696,304	52,443	-	748,747
Buildings and improvements	22,455,775	1,315,591	-	23,771,366
Equipment	11,985,961	1,236,768	284,173	12,938,556
Total accumulated depreciation	35,138,040	2,604,802	284,173	37,458,669
Net capital assets	23,909,107	<u>\$ 4,776,380</u>	<u>\$ 1,591,029</u>	27,094,458
Less outstanding debt related to capital assets	(19,697,481)			(21,966,381)
Plus capital project funds borrowed but not spent	3,512,588			<u>3,597,236</u>
Net assets invested in capital assets	<u>\$ 7,724,214</u>			<u>\$ 8,725,313</u>

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 4 Capital Assets (Continued)

Capital asset balances and activity were as follows for the years ended June 30, 2011:

	2011			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	636,686	3,835,913	2,881,570	1,591,029
Total capital assets not being depreciated	847,962	3,835,913	2,881,570	1,802,305
Capital assets being depreciated:				
Site improvements	804,411	552,101	-	1,356,512
Buildings and improvements	37,866,708	2,661,189	-	40,527,897
Equipment	14,420,778	970,330	30,675	15,360,433
Total capital assets being depreciated	53,091,897	4,183,620	30,675	57,244,842
Less accumulated depreciation for:				
Site improvements	649,324	46,980	-	696,304
Buildings and improvements	21,189,129	1,266,646	-	22,455,775
Equipment	10,690,864	1,325,772	30,675	11,985,961
Total accumulated depreciation	32,529,317	2,639,398	30,675	35,138,040
Net capital assets	21,410,542	<u>\$ 5,380,135</u>	<u>\$ 2,881,570</u>	23,909,107
Less outstanding debt related to capital assets	(15,733,863)			(19,697,481)
Plus capital project funds borrowed but not spent	2,195,817			<u>3,512,588</u>
Net assets invested in capital assets	<u>\$ 7,872,496</u>			<u>\$ 7,724,214</u>

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations

Long-term liability activity for the years ended June 30, 2012 and 2011, was as follows:

	Balance 7/1/2011	Additions	Reductions	Balance 6/30/2012	Amounts Due Within One Year
General obligation notes	\$ 20,515,000	\$ 6,900,000	\$ 5,265,000	\$ 22,150,000	\$ 5,880,000
Premium on promissory note issuance	247,481	156,812	47,912	356,381	65,438
Net pension obligation	469,099	34,616	131,276	372,439	65,147
Sick leave	216,569	488,035	62,332	642,272	43,732
Net OPEB obligation (asset)	(23,954)	1,253,479	1,197,450	32,075	-
Totals	\$ 21,424,195	\$ 8,832,942	\$ 6,703,970	\$ 23,553,167	\$ 6,054,317

	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Amounts Due Within One Year
General obligation notes	\$ 17,240,000	\$ 8,300,000	\$ 5,025,000	\$ 20,515,000	\$ 5,265,000
Premium on promissory note issuance	53,863	210,459	16,841	247,481	37,679
Net pension obligation	613,873	34,803	179,577	469,099	130,375
Sick leave	204,081	39,627	27,139	216,569	6,175
Net OPEB obligation (asset)	127,702	1,080,548	1,232,204	(23,954)	-
Totals	\$ 18,239,519	\$ 9,665,437	\$ 6,480,761	\$ 21,424,195	\$ 5,439,229

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt is comprised of the following individual issues at June 30:

	2012	2011
General Obligation Series 2003B, US Bank Corporate Trust Services Issued: August 1, 2003 / Maturity: October 1, 2011 Amount: \$4,650,000 Interest: 2.0% to 3.0% paid semiannually on April 1 and October 1 Annual principal payments: \$50,000 to \$1,945,000 Purpose: Construction, remodeling, and equipment	\$ -	\$ 400,000
General Obligation Series 2003C, US Bank Corporate Trust Services Issued: August 1, 2003 / Maturity: April 1, 2013 Amount: \$3,860,000 Interest: 3.0% to 4.3% paid semiannually on April 1 and October 1 Annual principal payments: \$75,000 to \$540,000 Purpose: Pay off unfunded WRS pension liability	540,000	1,065,000
General Obligation Series 2005A, US Bank Corporate Trust Services Issued: August 1, 2005 / Maturity: October 1, 2013 Amount: \$6,500,000 Interest: 3.0% to 3.5% paid semiannually on April 1 and October 1 Annual principal payments: \$50,000 to \$900,000 Purpose: Construction, remodeling, and equipment	950,000	1,000,000
General Obligation Series 2006A, US Bank Corporate Trust Services Issued: August 1, 2006 / Maturity: October 1, 2011 Amount: \$4,350,000 Interest: 5.0% to 5.5% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$2,550,000 Purpose: Construction, remodeling, and equipment	-	450,000
General Obligation Series 2007A, US Bank Corporate Trust Services Issued: August 1, 2007 / Maturity: October 1, 2012 Amount: \$3,400,000 Interest: 4.0% paid semiannually on April 1 and October 1 Annual principal payments: \$400,000 to \$600,000 Purpose: Construction, remodeling, and equipment	600,000	1,000,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2012	2011
General Obligation Series 2008A, US Bank Corporate Trust Services Issued: August 1, 2008 / Maturity: October 1, 2013 Amount: \$4,650,000 Interest: 3.25% paid semiannually on April 1 and October 1 Annual principal payments: \$15,000 to \$3,000,000 Purpose: Construction, remodeling, and equipment	\$ 1,000,000	\$ 4,000,000
General Obligation Series 2009A, US Bank Corporate Trust Services Issued: May 1, 2009 / Maturity: October 1, 2014 Amount: \$1,000,000 Interest: 2.5% paid semiannually on April 1 and October 1 Annual principal payments: \$240,000 to \$260,000 Purpose: Remodeling	760,000	1,000,000
General Obligation Series 2009B, US Bank Corporate Trust Services Issued: December 1, 2009 / Maturity: October 1, 2014 Amount: \$3,300,000 Interest: 2.0% to 2.5% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$2,300,000 Purpose: Remodeling and equipment	3,100,000	3,300,000
General Obligation Series 2010A, US Bank Corporate Trust Services Issued: July 1, 2010 / Maturity: October 1, 2018 Amount: \$1,000,000 Interest: 2.25% paid semiannually on April 1 and October 1 Annual principal payments: \$245,000 to \$465,000 Purpose: Construction, remodeling, and equipment	2,500,000	2,500,000
General Obligation Series 2011A, US Bank Corporate Trust Services Issued: April 7, 2011 / Maturity: October 1, 2017 Amount: \$3,350,000 Interest: 1.5% paid semiannually on April 1 and October 1 Annual principal payments: \$600,000 to \$1,275,000 Purpose: Construction, remodeling, and equipment	3,350,000	3,350,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2012	2011
General Obligation Series 2011B, US Bank Corporate Trust Services Issued: May 5, 2011 / Maturity: October 1, 2020 Amount: \$2,450,000 Interest: 2.25% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$300,000 Purpose: Construction, remodeling, and equipment	\$ 2,450,000	\$ 2,450,000
General Obligation Series 2011C, US Bank Corporate Trust Services Issued: December 14, 2011 / Maturity: October 1, 2016 Amount: \$3,900,000 Interest: 1% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$1,675,000 Purpose: Construction, remodeling, and equipment	3,900,000	-
General Obligation Series 2012A, US Bank Corporate Trust Services Issued: May 15, 2012 / Maturity: October 1, 2018 Amount: \$3,000,000 Interest: 1.04% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$600,000 Purpose: Construction, remodeling, and equipment	3,000,000	-
Total general obligation debt	\$ 22,150,000	\$ 20,515,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The District has the power to incur indebtedness for certain purposes specified by Section 67.03(1)(a) Wisconsin Statutes in an aggregate amount, not exceeding 5% of the equalized value of the taxable property within the District, as last determined by the Wisconsin Department of Revenue. The legal debt limit and the margin of indebtedness as of June 30, 2012, are calculated as follows:

Legal debt limit (5% of \$31,520,063,785)	\$	1,576,003,189
Less: Long-term debt applicable to debt margin		(22,150,000)
Plus: Restricted net assets available for debt service		5,634,749
<hr/>		
Margin of indebtedness	\$	1,559,487,938
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Wisconsin Statutes 67.03(9) provides that the amount of bonded indebtedness for the purpose of purchasing school sites and the construction and equipping of school buildings may not exceed 2% of the equalized valuation of the taxable property, including tax incremental districts, in the District. This limit was \$630,401,276 at June 30, 2012. The District had no outstanding bonded indebtedness.

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2012, follows:

Year Ended June 30,	Principal	Interest	Totals
<hr/>			
2013	\$ 5,880,000	\$ 456,731	\$ 6,336,731
2014	4,785,000	308,702	5,093,702
2015	4,520,000	215,141	4,735,141
2016	2,180,000	150,939	2,330,939
2017	2,270,000	100,631	2,370,631
2018 - 2022	2,515,000	91,807	2,606,807
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Totals	\$ 22,150,000	\$ 1,323,951	\$ 23,473,951
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Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 6 Employee Retirement Plans

All eligible Wisconsin Indianhead Technical College District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer public employee retirement system (PERS). All permanent employees hired after 7/1/2011 that have never been employed by a WRS employer prior to that date are expected to work over 1200 hours a year (880 hours for teachers and educational support employees) in order to be eligible to participate in the System. Permanent employees hired prior to 7/1/2011 are expected to work over 600 hours a year (440 hours for teachers and educational support employees) in order to be eligible to participate in the System. Covered employees in the general/teacher/educational support personnel category are required by Statute to contribute 5.8% (July to December 2011) and 5.9% (January to June 2012) of their salary to the plan. If provided for by an existing collective bargaining agreement, employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the District employees covered by the WRS for the year ended June 30, 2012, was \$25,181,102; the employer's total payroll was \$27,950,592. The total required contribution for the year ended June 30, 2012 was \$2,946,162, of which \$1,473,081 was contributed by the employer and \$1,473,081 by the employee. Total contributions for the years ending June 30, 2011 and 2010, were \$2,868,909 and \$2,611,537, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive retirement benefits. Employees may retire at age 55 and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, up to and including June 30, 2011, are immediately vested. Participants initially beginning employment on or after July 1, 2011, are not eligible for a WRS retirement annuity or lump sum retirement benefit until they have five years of creditable service. If an employee were to leave prior to fulfilling the five year vesting requirement, that employee would remain eligible to take a separation benefit. The separation benefit would include the employee contributions (and investment returns) only.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits

Special Early Retirement Program

The Wisconsin Indianhead Technical College District Board offers a Special Early Retirement Program (stipend) to qualified faculty and management employees. To qualify for this program, employees need to have met qualifying hire dates, be between 55 and 65 years of age, have at least 15 years of full-time service to the college, have not participated in the District's 403(b) match program (see below), and give notice at least six months in advance of their intent to retire. The stipend will be 45% of the base contract salary in the year of retirement and will be paid periodically until the retiree reaches age 65.

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding all early retirement stipends. The employer makes all contributions.

Membership of the plan consisted of 51 retirees receiving benefits and 15 active plan members at July 1, 2011, the date of the latest actuarial valuation.

The following table shows the components of the District's annual pension cost for fiscal years 2012 and 2011, the amount actually contributed to the plan, and changes in the District's net pension benefit obligation:

	2012	2011
Annual required contribution	\$ 503,715	\$ 7,179
Interest on net pension obligation	21,109	27,624
Adjustment to annual required contribution	(490,208)	-
Annual pension cost (expense)	34,616	34,803
Contributions made	(131,276)	(179,577)
Decrease in net pension obligation	(96,660)	(144,774)
Net pension obligation - Beginning of year	469,099	613,873
Net pension obligation - End of year	\$ 372,439	\$ 469,099

The annual required contribution for the current year was determined as part of the July 1, 2011, actuarial valuation using the projected unit credit method. The actuarial assumptions included a 4.5% discount rate. Mortality, disability, and retirement rates are from the Wisconsin Retirement System experience for public schools.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits (Continued)

Special Early Retirement Program (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan's unfunded actuarial accrued liability is being amortized using the level dollar method. The remaining amortization period at July 1, 2011, was one year.

The District's annual pension costs, the percentage of annual pension cost contributed to the plan, and the net pension obligation for fiscal year 2012 and the two previous years are as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2010	\$ 40,285	402.40%	\$ 613,873
6/30/2011	\$ 34,803	515.98%	\$ 469,099
6/30/2012	\$ 34,616	379.24%	\$ 372,439

403(b) Match Program

Faculty, management, office and technical support employees may be eligible to participate in the District's 403(b) match program. Faculty hired prior to January 1, 2008, have the choice to participate in the match by electing a match amount varying from \$0 to \$1,400 per year based upon years of service with a \$9,500 lifetime maximum or 2.0% of base salary without a lifetime maximum. Faculty had until July 1, 2011, to make their choice. Faculty hired on January 1, 2008, or after are eligible for a contribution match up to 2.0% of their base salary with no lifetime maximum, beginning in the third year of employment.

Management employees can elect to participate in the 403(b) match program beginning with the third full year of employment. The match is a dollar-for-dollar match up to 2.0% of their annual base salary. Management employees hired prior to July 1, 1993, may elect to participate in the match program, but will forfeit their eligibility for the Special Early Retirement Program. Management employees hired after July 1, 1993, are not eligible for the Special Early Retirement Program.

Office and technical support employees hired after January 1, 2009, who are eligible for benefits, can elect to participate in the 403(b) match program beginning with the third full year of employment. The match will be a dollar-for-dollar match up to 2.0% of their annualized salary. Eligible employees will elect participation each year.

The District's contributions for this program for the years ending June 30, 2012 and 2011, were \$288,771 and \$289,088, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Notes 6 and 7, the District provides postemployment health insurance benefits to all eligible staff members based upon the years of service with the District and accumulated sick leave at retirement.

Retiree Health Insurance

District employees are eligible for retiree health insurance benefits if certain criteria are met. A description of retiree health insurance benefits and eligibility requirements by employee classification is provided below:

Custodians hired prior to 1/1/2008: One day of sick leave (8 hrs) equals one month of single medical insurance premium provided employee has 15 years of continuous full-time service, is at least age 57 1/2 and gives 6 months' notice. Sick leave cannot accrue beyond 960 hours. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 65.

Faculty hired prior to 1/1/2008: One day of sick leave (7 hrs) equals one month of single medical insurance provided employee has 15 years of continuous full-time service, is at least age 55, and gives notice by January 15 of the calendar year retiring. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee utilizes 120 months of coverage.

Managers hired prior to 7/1/1993: One day of sick leave (7.5 hrs) equals one month of single medical insurance provided employee has 15 years of continuous full-time service, is at least age 55, and gives 6 months' notice. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, (2) the employee utilizes 120 months of coverage, or (3) the employee reaches age 65.

Office and Technical Support hired prior to January 1, 2009: One day of sick leave (7.5 hours) equals one month of single medical insurance provided the employee is age 55, gives 6 months' notice, and has 15 continuous years of service. Sick leave cannot accrue beyond 900 hours. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 65. These employees also have the option to receive the termination benefit described in Note 9 on page 45 instead of the benefit described above. However, once the employee chooses the termination benefit, they forfeit their right to the above benefit.

The District administers a single-employer defined benefit health care plan. The plan provides funds for medical benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through district policy administered through an employee handbook. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive funds for medical benefits up to 10 years or until they are eligible for Medicare. The plan does not issue a standalone report.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

Retiree Health Insurance (Continued)

Membership of the plan consisted of 94 retirees receiving benefits and 369 active plan members at July 1, 2011, the date of the latest actuarial valuation.

The contribution requirements of plan members are based on district policy as administered through the employee handbook in effect on the date of retirement. The District's contribution is established annually based on an amount to pay current premiums and an additional amount to pre-fund benefits. For fiscal year 2012, the District contributed \$1,200,000 to the plan, including \$798,753 for current benefits.

Postemployment Benefits

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for fiscal years 2012 and 2011, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	2012	2011
Annual required contribution	\$ 1,254,677	\$ 1,074,163
Interest on net OPEB obligation	(1,198)	6,385
Adjustment to annual required contribution	2,550	(7,228)
Annual OPEB cost (expense)	1,256,029	1,073,320
Contributions made	(1,200,000)	(1,224,976)
Increase (decrease) in net OPEB obligation	56,029	(151,656)
Net OPEB (asset) obligation - Beginning of year	(23,954)	127,702
Net OPEB (asset) obligation - End of year	\$ 32,075	\$ (23,954)

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

Postemployment Benefits (Continued)

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the previous three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 972,083	89.11%	\$ 105,817
6/30/2010	\$ 1,072,226	97.96%	\$ 127,702
6/30/2011	\$ 1,073,320	114.13%	\$ (23,954)
6/30/2012	\$ 1,256,029	95.54%	\$ 32,075

The funded status as of July 1, 2011, the most recent actuarial valuation date, was 25.1% funded. The actuarial accrued liability for benefits was \$9,234,456, and the actuarial value of assets was \$2,313,251, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,921,205. The covered payroll (annual payroll of active employees covered by the plan) was \$22,560,073, and the ratio of the UAAL to the covered payroll was 30.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5 percent rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio, and an annual health care cost trend rate of 10 percent initially, reduced by decrements to a rate of 5 percent after five years. The actuarial value of the plan assets was determined to be the market value of the plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the open level dollar of projected payroll amortization method. The remaining amortization period at July 1, 2011, was 13 years.

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Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 Sick Leave

In addition to the other benefits described in Notes 6, 7, and 8, the District makes termination payments to eligible staff members when they retire.

Following are the eligible employee groups and the respective requirements:

Custodians hired on or after 1/1/2008: The employee's hourly rate at time of retirement multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 960 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee has 120 months of coverage, or the employee reaches age 70, whichever occurs first. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. Employees must be age 57 1/2, give 6 months' notice, and have 15 continuous years of service.

Faculty hired on or after 1/1/2008: Faculty with 10-14 years of service receive a cash pool of dollars to pay for medical insurance. The pool amount is based on the hourly rate at time of retirement times sick leave hours available to a maximum of 840 hours. A proration factor based on years of service is also included as follows:

- 10 years – 50% of sick leave or maximum of 420 hours, maximum 60 months of coverage
- 11 years – 60% of sick leave or maximum of 504 hours, maximum 72 months of coverage
- 12 years – 70% of sick leave or maximum of 588 hours, maximum 84 months of coverage
- 13 years – 80% of sick leave or maximum of 672 hours, maximum 96 months of coverage
- 14 years – 90% of sick leave or maximum of 756 hours, maximum 108 months of coverage
- 15 years – 100% of sick leave or maximum of 840 hours, maximum 120 months of coverage

The employee must be age 55, have 15 years of continuous service, and must give notice by January 15 of the calendar year retiring. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 70.

Managers hired between July 1, 1993, and June 30, 2003: The employee's hourly rate times available sick leave hours accumulated to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until the pool exhausts or the employee reaches age 65. If the pool is exhausted prior to age 65, employees receive an additional 36 months if the accumulated sick leave balance was at least 36 days at the time of retirement. Employee must be at least 55 years of age, have 15 years of continuous full time service, and provide 6 months' notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 Sick Leave (Continued)

Managers hired on or after 7/1/2003: The employee's hourly rate times available sick leave hours to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until pool exhausts or the employee reaches age 65. The employee must have 15 years continuous full-time service, be at least age 55, and give 6 months' notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, (2) the employee utilizes 10 years of coverage, or (3) the employee reaches age 65.

Office and technical support employees hired after January 1, 2009: The employee's hourly rate at the time they retire multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 900 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee reaches Medicare age plus 5 years, or the retiree has had coverage for 120 months, whichever occurs first. The retiree can purchase employee, single plus one, or family medical insurance under the retiree medical plan and the appropriate premium will be deducted from the pool. Employees must be currently employed by the District, have at least 15 years of benefit eligible service with the District, be eligible to receive Wisconsin Retirement System benefits, and give 6 months' notice.

The liability for these benefits at June 30, 2012, and 2011, is \$642,272 and \$216,569, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 10 Risk Management

Districts Mutual Insurance Company (DMI)

In July 2004, all 16 WTCS technical colleges created the Districts Mutual Insurance Company (DMI) (the "Company"). Districts Mutual Insurance Company is a fully assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$350,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to \$2,500 to \$100,000 per occurrence depending on the type of coverage, and DMI purchases reinsurance for losses in excess of its retained layer of coverage above \$250,000 per occurrence.

DMI operations are governed by a six-member board of directors. Member colleges do not exercise any control over the activities of DMI beyond election of the board of directors at the annual meeting. The board has the authority to adopt its own budget, set policy matters, and control the financial affairs of the Company.

For the year ended June 30, 2012, the District paid premiums of \$328,005. Future premiums will be based on relevant rating exposure bases as well as the historical loss experienced by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

The audited DMI financial statements can be obtained through Districts Mutual Insurance Co., 200 West Grand Avenue, Suite B, Port Washington, WI 53074.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 10 Risk Management (Continued)

Supplemental Insurance

In July 1997, eleven of the sixteen WTCS technical colleges formed the WTCS Insurance Trust (the "Trust") to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. This trust grew to include fifteen WTCS technical colleges. In order to achieve additional cost savings, the technical colleges made a decision to form their own insurance company.

The Trust financial statements can be obtained through Lakeshore Technical College, 1290 North Avenue, Cleveland, WI 53015.

The WTCS Insurance Trust has purchased the following levels of coverage for its participating members:

- *Foreign travel liability:* \$2,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefits; include benefits for accidental death and dismemberment, repatriation, and medical expense; \$1,000 deductible for employee benefits.
- *Crime:* \$750,000 coverage for employee dishonesty, forgery, computer fraud and funds transfer fraud; \$500,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expense; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery, and fraud.

The scope of settled claims has not exceeded the coverage limits in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2012.

Note 11 Subsequent Event

Subsequent to June 30, 2012, the District issued \$4,980,000 of general obligation promissory notes with interest rates ranging of 1% to 1.5%. The proceeds from these general obligation promissory notes will be used for the purchase of equipment and remodeling.

Subsequent events have been evaluated through December 17, 2012, which is the date the financial statements were available to be issued.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 12 Expense Classification

Operating expenses by natural classification were as follows for the years ended June 30:

	2012	2011
Salaries and wages	\$ 27,950,592	\$ 28,302,623
Employee benefits	11,423,882	12,057,707
Travel and meetings	928,327	947,795
Instruction supplies	381,674	390,640
Contracted services	486,087	461,508
Rentals	247,464	230,864
Insurance	373,681	415,697
Utilities	765,220	837,114
Depreciation	2,604,802	2,639,398
Other	8,071,080	8,549,355
Student aid	9,285,344	10,082,470
Total operating expenses	\$ 62,518,153	\$ 64,915,171

Note 13 Related-Party Transactions

The District is a related party with the Wisconsin Indianhead Technical College Foundation, Inc. The total expenses (including salaries, benefits, office space, and computer usage) paid by the District for the Foundation were approximately \$300,773 and \$342,260 for the fiscal years ended June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, there were accounts receivable from the Foundation of \$121,210 and \$49,128, respectively.

The District is a member of the Wisconsin Indianhead, Lakeshore, and Mid-State consortium, a nonprofit organization formed under Section 66.0301 and Chapter 38 of the Wisconsin Statutes. The WILM consortium's purpose is to develop, procure, enhance, and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. It will provide the information service needs of each college for the purpose of improving cost, quality, service, and institutional effectiveness for customers, while meeting federal- and state-mandated requirements. The District's share paid to the consortium was \$855,090 and \$832,625 to cover their expenses for the fiscal years June 30, 2012 and 2011, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 14 Operating Leases

Certain equipment used by the District is leased under long-term operating leases. Payments on the leases for the years ended June 30, 2012 and 2011, recorded as an operating expense in the statements of revenues, expenses, and change in net assets totaled \$122,646 and \$163,820, respectively.

The District has future operating lease obligations as follows:

2013	\$	102,101
2014		18,982
2015		18,982
2016		18,982
2017		18,982
		<hr/>
		\$ 178,029

In addition, the District leases land under a long-term operating lease for a payment of one dollar, which expires December 2073.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 15 Outstanding Contractual Commitments

The District entered into various contracts with construction contractors during the year. The following amount remains unspent as of June 30, 2012:

Construction Contractors	Amount Remaining
AK Technologies	\$ 13,720
Belknap Plumbing and Heating	36,308
Brumar Cabinetry, Inc.	4,017
Certified, Inc.	9,889
CFD, Inc.	3,263
Chetek TNC Electric, Inc.	1,026
County Materials Corporation	26,493
Custom Glass Products	7,510
Delta T, Inc.	7,500
Derrick Companies	1,034,902
First Supply, LLC	11,961
Golden Valley Supply	3,244
Goodin Company	14,700
Graybar Electric Company	8,760
J H Larson Company	78,598
Kawneer Company, Inc.	292
Kendell Door & Hardware, Inc.	34,708
Macco's Commercial Interiors	22,799
Metalogic, LLC	35,178
Metl Span, LLC	110,727
Simplexgrinnell	14,410
SVL Service Corporation	25,800
Tamarak Materials	32,582
TMS Johnson	38,750
Trane US	45,535
Trudell, Charles A	26,695
VE Systems, Inc.	1,860
Totals	\$ 1,651,227

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 16 Self-Funded Insurance

Through December 31, 2011, the District had retained a portion of the risk of loss for its health and dental care programs. As of January 1, 2012, the District has retained a portion of the risk of loss for only its dental care program. A third-party administrator is responsible for the approval, processing, and payment of claims, after which the District is billed for reimbursement. The District has no stop-loss coverage for dental care coverage. The District's aggregate exposure is limited to \$1,000 per individual per year. This amount was \$903,398 as of June 30, 2012.

Changes in the claims liability amount for the years ended June 30, 2012 and 2011, were as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claim Payments	Claims Payable June 30
Year ended June 30, 2012	\$ 391,560	\$ 4,393,675	\$ (4,586,340)	\$ 198,895
Year ended June 30, 2011	\$ 273,874	\$ 6,568,489	\$ (6,450,803)	\$ 391,560

The claims liabilities of \$198,895 and \$391,560 reported above at June 30, 2012 and 2011, respectively, are based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicated that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. In addition, claims, expenses, and liabilities are reduced by amounts expected to be recovered through excess insurance.

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Required Supplementary Information

Wisconsin Indianhead Technical College District
Schedules of Funding Progress and Employer Contributions - OPEB
Year Ended, June 30, 2012

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$ 2,313,251	\$ 9,234,456	\$ 6,921,205	25.1%	\$ 22,560,073	30.7%
7/1/2009	\$ 1,267,474	\$ 11,623,721	\$ 10,356,247	10.9%	\$ 16,554,001	62.6%
3/31/2008	\$ 1,250,000	\$ 6,448,265	\$ 5,198,265	19.4%	\$ 19,524,512	26.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 1,254,677	95.64%
2011	\$ 1,074,163	114.04%
2010	\$ 1,074,163	97.78%
2009	\$ 972,083	89.11%
2008	\$ 972,083	128.60%

See Independent Auditor's Report.

Wisconsin Indianhead Technical College District
Schedule of Funding Progress - Pension
 Year Ended, June 30, 2012

SCHEDULE OF FUNDING PROGRESS - PENSION

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$ -	\$ 471,584	\$ 471,584	0.0%	\$ 989,656	47.7%
7/1/2009	\$ -	\$ 735,695	\$ 735,695	0.0%	\$ 1,026,476	71.7%

Wisconsin Indianhead Technical College District

Notes to Required Supplementary Information

Note 1 Data in the above schedules of funding progress was taken from the report issued by the actuary for OPEB and pension benefits.

Note 2 The actuarial study for the District's OPEB benefits dated May 14, 2012, was prepared using assumptions that were significantly different from those used in the actuarial study dated August 18, 2010. The following are the assumptions that changed significantly:

	August 18, 2010	May 14, 2012
Remaining amortization period	27 years	13 years
Amortization method	Open level percentage	Open level dollar
Discount rate	5%	5%
Medical trend	12% to 5% after 7 years	10% to 5% after 5 years

Supplementary Financial Information

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Local government	\$ 30,449,118
Intergovernmental:	
State	2,135,616
Federal	32,000
Tuition and fees:	
Statutory program fees	8,839,761
Material fees	591,000
Other student fees	1,133,424
Institutional	277,308
Total revenues	43,458,227
Expenditures:	
Instruction	26,347,569
Instructional resources	1,299,005
Student services	4,701,969
General institutional	7,781,632
Physical plant	3,328,052
Total expenditures	43,458,227
Revenues over (under) expenditures	-
Fund balance - Beginning of year	13,989,159
Fund balance - End of year	\$ 13,989,159

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 30,449,118	\$ 30,418,723	\$ -	\$ 30,418,723	\$ (30,395)
2,135,616	2,078,508	-	2,078,508	(57,108)
32,000	24,347	-	24,347	(7,653)
8,839,761	8,192,622	-	8,192,622	(647,139)
591,000	556,587	-	556,587	(34,413)
1,133,424	1,010,766	-	1,010,766	(122,658)
277,308	286,295	-	286,295	8,987
43,458,227	42,567,848	-	42,567,848	(890,379)
26,347,569	25,703,195	(59,800)	25,643,395	704,174
1,299,005	1,145,457	-	1,145,457	153,548
4,701,969	4,679,523	(68)	4,679,455	22,514
7,781,632	7,622,230	(67,306)	7,554,924	226,708
3,328,052	3,240,186	9,866	3,250,052	78,000
43,458,227	42,390,591	(117,308)	42,273,283	1,184,944
-	177,257	117,308	294,565	294,565
13,962,532	14,171,103	(208,572)	13,962,532	-
\$ 13,962,532	\$ 14,348,360	\$ (91,264)	\$ 14,257,097	\$ 294,565

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Local government	\$ 853,811
Intergovernmental:	
State	951,000
Federal	900,000
Tuition and fees:	
Statutory program fees	-
Material fees	-
Other student fees	-
Institutional	950,189
Total revenues	3,655,000
Expenditures:	
Instruction	3,004,000
Instructional resources	15,000
Student services	600,000
General institutional	15,000
Physical plant	21,000
Total expenditures	3,655,000
Revenues over expenditures	-
Other financing uses:	
Operating transfer (out)	-
Total other financing uses	-
Revenues and other financing sources over (under) expenditures	-
Fund balance - Beginning of year	669,340
Fund balance - End of year	\$ 669,340

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 853,811	\$ 853,811	\$ -	\$ 853,811	\$ -
951,000	829,057	-	829,057	(121,943)
900,000	694,574	-	694,574	(205,426)
-	42,518	-	42,518	42,518
-	4,141	-	4,141	4,141
-	54,790	-	54,790	54,790
950,189	961,406	-	961,406	11,217
3,655,000	3,440,297	-	3,440,297	(214,703)
3,004,000	2,820,605	-	2,820,605	183,395
15,000	-	-	-	15,000
600,000	578,709	-	578,709	21,291
15,000	-	-	-	15,000
21,000	3,627	-	3,627	17,373
3,655,000	3,402,941	-	3,402,941	252,059
-	37,356	-	37,356	37,356
-	(198,657)	-	(198,657)	(198,657)
-	(198,657)	-	(198,657)	(198,657)
-	(161,301)	-	(161,301)	(161,301)
681,626	681,626	-	681,626	-
\$ 681,626	\$ 520,325	\$ -	\$ 520,325	\$ (161,301)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Capital Projects Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Intergovernmental:	
State	\$ 40,000
Tuition and fees:	
Institutional	80,000
Total revenues	120,000
Expenditures:	
Instruction	1,404,202
Instructional resources	397,503
Student services	16,150
General institutional	677,145
Physical plant	4,470,391
Total expenditures	6,965,391
Revenues over (under) expenditures	(6,845,391)
Other financing sources:	
General obligation promissory notes issued	6,900,000
Total other financing sources	6,900,000
Revenues and other financing sources over (under) expenditures	54,609
Fund balance - Beginning of year	45,391
Fund balance - End of year	\$ 100,000

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 40,000	\$ 50,000	\$ -	\$ 50,000	\$ 10,000
80,000	138,192	-	138,192	58,192
120,000	188,192	-	188,192	68,192
1,404,202	1,825,175	(450,231)	1,374,943	29,259
397,503	378,766	(225,226)	153,540	243,963
16,150	14,574	-	14,574	1,576
677,145	552,266	(1,595)	550,671	126,474
4,470,391	4,309,577	(212,247)	4,097,330	373,061
6,965,391	7,080,358	(889,299)	6,191,058	774,333
(6,845,391)	(6,892,166)	889,299	(6,002,866)	842,525
6,900,000	6,900,000	-	6,900,000	-
6,900,000	6,900,000	-	6,900,000	-
54,609	7,835	889,299	897,134	842,525
198,056	3,589,400	(3,391,344)	198,056	-
\$ 252,665	\$ 3,597,235	\$ (2,502,045)	\$ 1,095,190	\$ 842,525

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Debt Service Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Local government	\$ 5,919,083
Institutional	25,000
Total revenues	5,944,083
Expenditures:	
Physical plant	5,995,446
Total expenditures	5,995,446
Revenues over expenditures	(51,363)
Other financing sources:	
Premium on general obligation notes	-
Total other financing sources	-
Revenues and other financing sources over (under) expenditures	(51,363)
Fund balance - Beginning of year	5,517,746
Fund balance - End of year	\$ 5,466,383

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 5,919,083	\$ 5,919,083	\$ -	\$ 5,919,083	\$ -
25,000	2,113	-	2,113	(22,887)
5,944,083	5,921,196	-	5,921,196	(22,887)
5,995,446	5,812,731	-	5,812,731	182,715
5,995,446	5,812,731	-	5,812,731	182,715
(51,363)	108,465	-	108,465	159,828
-	156,812	-	156,812	156,812
-	156,812	-	156,812	156,812
(51,363)	265,277	-	265,277	316,640
5,501,577	5,501,577	-	5,501,577	-
\$ 5,450,214	\$ 5,766,854	\$ -	\$ 5,766,854	\$ 316,640

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Enterprise Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Institutional	\$ 3,000,000
Total revenues	3,000,000
Expenditures:	
Auxiliary enterprise services	3,000,000
Total expenditures	3,000,000
Revenues over (under) expenditures	-
Fund balance - Beginning of year	610,960
Fund balance - End of year	\$ 610,960

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 3,000,000	\$ 2,683,844	\$ -	\$ 2,683,844	\$ (316,156)
3,000,000	2,683,844	-	2,683,844	(316,156)
3,000,000	2,744,810	(7,512)	2,737,298	262,702
3,000,000	2,744,810	(7,512)	2,737,298	262,702
-	(60,966)	7,512	(53,454)	(53,454)
464,031	471,543	(7,512)	464,031	-
\$ 464,031	\$ 410,577	\$ -	\$ 410,577	\$ (53,454)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Internal Service Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Institutional	\$ 7,425,000
Total revenues	7,425,000
Expenditures:	
Auxiliary enterprise services	7,175,000
Total expenditures	7,175,000
Revenues over (under) expenditures	250,000
Fund balance - Beginning of year	720,867
Fund balance - End of year	\$ 970,867

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 7,425,000	\$ 4,120,547	\$ -	\$ 4,120,547	\$ (3,304,453)
7,425,000	4,120,547	-	4,120,547	(3,304,453)
7,175,000	4,393,675	-	4,393,675	2,781,325
7,175,000	4,393,675	-	4,393,675	2,781,325
250,000	(273,128)	-	(273,128)	(523,128)
321,539	321,539	-	321,539	-
\$ 571,539	\$ 48,411	\$ -	\$ 48,411	\$ (523,128)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual-Special Revenue Non-Aidable Fund Year Ended June 30, 2012

	Original Budget
Revenues:	
Intergovernmental:	
Federal	\$ 8,000,000
Tuition and fees:	
Other student fees	400,000
Institutional	450,000
Total revenues	8,850,000
Expenditures:	
Student services	8,850,000
Total expenditures	8,850,000
Revenues over expenditures	-
Other financing sources:	
Operating transfer in	-
Total other financing sources	-
Revenues and other financing sources over (under) expenditures	-
Fund balance - Beginning of year	255,741
Fund balance - End of year	\$ 255,741

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 15,000,000	\$ 13,952,597	\$ -	\$ 13,952,597	\$ (1,047,403)
400,000	347,893	-	347,893	(52,107)
450,000	466,174	-	466,174	16,174
15,850,000	14,766,664	-	14,766,664	(1,083,336)
15,850,000	14,701,380	(25,197)	14,676,183	1,173,817
15,850,000	14,701,380	(25,197)	14,676,183	1,173,817
-	65,284	25,197	90,481	90,481
-	198,657	-	198,657	198,657
-	198,657	-	198,657	198,657
-	263,941	25,197	289,138	289,138
308,166	341,916	(33,750)	308,166	-
\$ 308,166	\$ 605,857	\$ (8,553)	\$ 597,304	\$ 289,138

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements

Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund
Revenues:				
Local government	\$ 30,418,723	\$ 853,811	\$ -	\$ 5,919,083
Intergovernmental:				
State	2,078,508	829,057	50,000	-
Federal	24,347	694,574	-	-
Tuition and fees:				
Statutory program fees	8,192,622	42,518	-	-
Material fees	556,587	4,141	-	-
Other student fees	1,010,766	54,790	-	-
Institutional	286,295	961,406	138,192	2,113
Auxiliary enterprise revenue	-	-	-	-
Total revenues	42,567,848	3,440,297	188,192	5,921,196
Expenditures:				
Instruction	25,643,395	2,820,605	1,374,943	-
Instructional resources	1,145,457	-	153,540	-
Student services	4,679,455	578,709	14,574	-
General institutional	7,554,924	-	550,671	-
Physical plant	3,250,052	3,627	4,097,330	5,812,731
Auxiliary enterprise services	-	-	-	-
Depreciation	-	-	-	-
Student aid	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	42,273,283	3,402,941	6,191,058	5,812,731
Revenues over (under) expenditures	294,565	37,356	(6,002,866)	108,465
Other financing sources (uses):				
Operating transfer in (out)	-	(198,657)	-	-
Premium on general obligation notes	-	-	-	156,812
General obligation promissory notes issued	-	-	6,900,000	-
Total other financing sources (uses)	-	(198,657)	6,900,000	156,812
Revenues and other financing sources (uses) over (under) expenditures	294,565	(161,301)	897,134	265,277
Fund balance - Beginning of year	13,962,532	681,626	198,056	5,501,577
Fund balance - End of year	\$ 14,257,097	\$ 520,325	\$ 1,095,190	\$ 5,766,854

Enterprise Fund	Internal Service Fund	Special Revenue Non-Aidable Fund	Totals	Reconciling Items	Statement of Revenue Expenses & Change in Net Assets
\$ -	\$ -	\$ -	\$ 37,191,617	\$ -	\$ 37,191,617
-	-	-	2,957,565	-	2,957,565
-	-	13,952,597	14,671,518	-	14,671,518
-	-	-	8,235,140	(3,842,689)	4,392,451
-	-	-	560,728	(263,434)	297,294
-	-	347,893	1,413,449	(826,292)	587,157
2,683,844	4,120,547	466,174	8,658,571	(7,264,940)	1,393,631
-	-	-	-	2,683,844	2,683,844
2,683,844	4,120,547	14,766,664	73,688,588	(9,513,511)	64,175,077
-	-	-	29,838,943	750,592	30,589,535
-	-	-	1,298,997	189,426	1,488,423
-	-	14,676,183	19,948,921	(14,468,191)	5,480,730
-	-	-	8,105,595	(50,502)	8,055,093
-	-	-	13,163,740	(10,821,054)	2,342,686
2,737,298	4,393,675	-	7,130,973	(4,386,163)	2,744,810
-	-	-	-	2,604,802	2,604,802
-	-	-	-	9,212,074	9,212,074
-	-	-	-	497,396	497,396
2,737,298	4,393,675	14,676,183	79,487,169	(16,471,620)	63,015,549
(53,454)	(273,128)	90,481	(5,798,581)	6,958,109	1,159,528
-	-	198,657	-	-	-
-	-	-	156,812	(156,812)	-
-	-	-	6,900,000	(6,900,000)	-
-	-	198,657	7,056,812	(7,056,812)	-
(53,454)	(273,128)	289,138	1,258,231	(98,703)	1,159,528
464,031	321,539	308,166	21,437,527	5,821,824	27,259,351
\$ 410,577	\$ 48,411	\$ 597,304	\$ 22,695,758	\$ 5,723,121	\$ 28,418,879

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

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Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2011

Note 1 Budgetary Accounting

The District uses a fund structure for budgetary accounting as compared to the entity-wide presentation of the basic financial statements. Annual budgets are adopted for all funds in accordance with the requirements of the Wisconsin Technical College System Board. The District follows the procedures listed below in adopting its annual budget:

Property taxes are levied by the various taxing municipalities located primarily in 11 northwestern Wisconsin counties. The District records as revenue its share of the local tax when levied, since the District's share becomes available during its fiscal year to finance its operations.

Public hearings are conducted on the proposed budget.

Prior to July 1, the budget is legally enacted through approval by the Board.

Budget amendments during the year are legally authorized. Budget transfers (between funds and functional areas within funds) and changes in budgeted revenues and expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes.

Management exercises control over budgeted expenditures by fund and function (i.e., instruction, instructional resources, etc.), as presented in the required supplementary information. Expenditures may not exceed funds available or appropriated, unless authorized by a resolution adopted by a vote of two-thirds of the Board. Unused appropriations lapse at the end of each fiscal year.

Formal budgetary integration is employed as a planning device for all funds. The annual operating budget is prepared primarily on the same basis as fund financial statements prior to the adoption of GASB Statement No. 34, except encumbrances are also included in the adopted budget. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process.

The District has also included the issuance of general obligation promissory notes where the bid was awarded prior to year-end but the actual sale wasn't completed until after year-end.

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2012

Note 2 Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statements of Revenues and Expenses on a GAAP Basis

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules:

General Fund	\$	42,567,848
Special Revenue Fund		3,440,297
Special Revenue Non-Aidable Fund		14,766,664
Capital Projects Fund		188,192
Debt Service Fund		5,921,196
Enterprise Fund		2,683,844
Internal Service Fund		4,120,547

Budgetary revenues 73,688,588

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(4,928,989)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(4,619,428)
Summer tuition recognized on cash basis is adjusted to accrual basis for GAAP reporting		34,906

Reconciled revenues \$ 64,175,077

GAAP basis revenues per the Statements of Revenues and Expenses:

Operating revenues	\$	24,773,692
Property taxes		37,191,617
State nonoperating appropriations		2,078,508
Other nonoperating revenues		61,654
Gain on disposal of capital assets		23,710
Investment income		45,896

Budgetary revenues \$ 64,175,077

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2012

Note 2 Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statements of Revenues and Expenses on a GAAP Basis

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules:

General Fund	\$	42,273,283
Special Revenue Fund		3,402,941
Special Revenue Non-Aidable Fund		14,676,183
Capital Projects Fund		6,191,058
Debt Service Fund		5,812,731
Enterprise Fund		2,737,298
Internal Service Fund		4,393,675

Budgetary expenditures 79,487,169

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(4,782,500)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(4,619,428)
Cash basis expenditures adjusted to GAAP accrual basis		
Amortization of bond premium		(47,912)
Interest expense		(2,423)
Pension-related benefits, compensated absences, and termination benefits		391,678
Capital asset acquisitions reported as expenditures for budgetary purposes		(5,790,152)
Budgetary expenditure for repayment of principal on long-term debt		(5,265,000)
Encumbrances as reported for budgetary purposes		1,039,316
Depreciation recorded for GAAP purposes		2,604,802

Reconciled expenditures \$ 63,015,550

GAAP basis expenses per the Statements of Revenues and Expenses:

Operating expenses	\$	62,518,153
Interest expense		497,396

Budgetary expenditures \$ 63,015,549

Other financing sources and uses such as operating transfers in (out) and proceeds from issuance of long-term debt are not recognized as revenues or expenses for GAAP reporting.

Wisconsin Indianhead Technical College District

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
<u>U.S. Department of Education</u>						
<u>Student Financial Assistance Cluster</u>						
Federal Supplemental Education Opportunity Grants	84.007					
Grants						
July 1, 2011 - June 30, 2012		P007A114567	\$ 129,158	\$ 151,934	\$ -	\$ 151,934
Administration						
July 1, 2011 - June 30, 2012				7,598	-	7,598
Total 84.007			129,158	159,532	-	159,532
Federal Work-Study Program	84.033					
Grants						
July 1, 2011 - June 30, 2012		P033A114567	160,864	109,458	-	109,458
Administration						
July 1, 2011 - June 30, 2012				5,473	-	5,473
Total 84.033			160,864	114,931	-	114,931
Federal Pell Grant Program	84.063					
Grants						
July 1, 2011 - June 30, 2012		P0638103476	6,359,815	6,356,187	-	6,356,187
Administration						
July 1, 2010 - June 30, 2011				401	-	401
July 1, 2011 - June 30, 2012				9,880	-	9,880
Total 84.063			6,359,815	6,366,468	-	6,366,468
Federal Direct Student Loans	84.268					
July 1, 2010 - June 30, 2011		P268K113476		11,616	-	11,616
July 1, 2011 - June 30, 2012		P268K123476	7,708,865	7,323,381	-	7,323,381
Total 84.268			7,708,865	7,334,997	-	7,334,997
Total Student Financial Assistance Cluster			14,358,702	13,975,929	-	13,975,929
Wisconsin Technical College System						
Adult Education - Basic Grants to States	84.002					
Basic Skills Education						
July 1, 2011 - June 30, 2012		17-130-146-122	197,900	197,900	152,264	350,164
Basic Skills Education						
July 1, 2011 - June 30, 2012		17-132-146-162	17,140	17,140	603	17,743
Total 84.002			215,040	215,040	152,867	367,907

Wisconsin Indianhead Technical College District

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
Wisconsin Technical College System						
Career & Technical Education - Basic Grants to States	84.048					
Achieving Student Success July 1, 2011 - June 30, 2012		17-141-150-232	\$ 304,282	304,282	510,521	814,803
Improvement of Graduation & Retention Rate July 1, 2011 - June 30, 2012		17-142-150-251	81,144	59,087	-	59,087
Assuring Access & Participation in Nontraditional Training & Employment July 1, 2011 - June 30, 2012		17-145-150-261	20,285	20,009	-	20,009
Technical Preparation Education Program July 1, 2011 - June 30, 2012		17-166-150-212	50,955	50,955	153	51,108
Total 84.048			456,666	434,333	510,674	945,007
Total U.S. Department of Education				14,625,302	663,541	15,288,843
U.S. Department of Labor						
Wisconsin Department of Workforce Development Healthcare Training Industry Partnership Northwest Wisconsin CEP, Inc. January 1, 2011 - December 31, 2011	17.259			45,201	-	45,201
Total U.S. Department of Veterans Affairs				45,201	-	45,201
U.S. Department of Veterans Affairs						
Department of Veterans Affairs Survivors and Dependents Educational Assistance July 1, 2011 - June 30, 2012	64.117			1,015	-	1,015
Total U.S. Department of Veterans Affairs				1,015	-	1,015
Total Federal Awards				\$ 14,671,517	\$ 663,541	\$ 15,335,059

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards Year Ended June 30, 2012

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				State	Match	
Wisconsin Higher Education Aids Board						
Higher Education Grant July 1, 2011 - June 30, 2012	235.102		\$ 1,214,400	\$ 617,561	\$ -	\$ 617,561
Remission of Fees for Veterans & Dependents July 1, 2011 - June 30, 2012	235.105		74,471	74,471	-	74,471
Minority Retention Grant July 1, 2011 - June 30, 2012	235.107		2,980	2,980	-	2,980
Handicapped Grant July 1, 2011 - June 30, 2012	235.112		1,800	1,800	-	1,800
Talent Incentive Program July 1, 2011 - June 30, 2012	235.114		74,750	51,933	-	51,933
Nursing Student Loan July 1, 2011 - June 30, 2012	235.117		13,000	13,000	-	13,000
Indian Grant July 1, 2011 - June 30, 2012	235.132		4,400	2,750	-	2,750
Wisconsin Covenant Grant July 1, 2011 - June 30, 2012	235.108		20,750	13,000	-	13,000
Wisconsin Foundation Covenant Grant July 1, 2011 - June 30, 2012	235.131		6,000	2,250	-	2,250
Total Wisconsin Higher Education Aids Board			1,412,551	779,745	-	779,745
Wisconsin Technical College System						
State Aids for Wisconsin Technical College System July 1, 2011 - June 30, 2012	292.105			1,872,490	-	1,872,490
Total 292.105			-	1,872,490	-	1,872,490
Farm Business & Production Management Training	292.111		-	21,386	-	21,386
Incentive Grants						
Leadership Grant - My Training Portal Project July 1, 2011 - June 30, 2012	292.112	17-173-112-132	50,000	50,000	-	50,000
Dental Assistance Program Implementation July 1, 2011 - June 30, 2012		17-175-112-132	62,402	62,402	131,288	193,690
Adult Secondary Education Project July 1, 2011 - June 30, 2012		17-186-112-132	88,900	88,900	78,780	167,680
ABE / ELL College Transition Project July 1, 2011 - June 30, 2012		17-187-112-132	28,531	28,531	11,910	40,441
Total 292.112			229,833	229,833	221,978	451,811
Transition Services - Disabilities July 1, 2011 - June 30, 2012	292.115	17-193-115-112	23,638	23,638	7,922	31,560
Capacity Building Grants						
Ashland Industries Blueprint Reading July 1, 2010 - June 30, 2011	292.116	17-151-116-111	3,640	565	76	641
Workforce Advancement Training Chippewa Valley Technical College July 1, 2010 - June 30, 2011		01-208-116-112	21,664	6,243	-	6,243
Total 292.116			25,304	6,808	76	6,884

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards Year Ended June 30, 2012

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				State	Match	
Faculty Development Program July 1, 2011 - June 30, 2012	292.123	17-182-123-112	46,400	46,400	-	46,400
Adult Career Pathways Outreach Mini-Grant July 1, 2011 - June 30, 2012	292.138		4,000	4,000	-	4,000
Fire Fighter Training 2% July 1, 2011 - June 30, 2012	292.137		-	58,286	-	58,286
Health Care Education Associate Degree Nursing Program Expansion July 1, 2011 - June 30, 2012	292.161	17-176-161-112	348,100	412,264	544,039	956,303
Occupational Therapy Assistant Expansion July 1, 2011 - June 30, 2012		17-191-161-111	82,833	98,100	129,459	227,559
Total 292.161			430,933	510,364	673,498	1,183,862
Driver Education July 1, 2011 - June 30, 2012	292.172		-	8,376	-	8,376
Total Wisconsin Technical College System				2,781,581	903,474	3,685,055
<u>Wisconsin Department of Natural Resources</u>						
Payments in Lieu of Taxes July 1, 2011 - June 30, 2012	370.503			96,037	-	96,037
<u>Wisconsin Department of Justice</u>						
Basic Jail Officer Training July 1, 2011 - June 30, 2012	455.231			23,452	-	23,452
Law Enforcement Specialized Training July 1, 2011 - June 30, 2012		170-744		17,899	-	17,899
Total Wisconsin Department of Justice			-	41,351	-	41,351
<u>Wisconsin Department of Revenue</u>						
Aid in Lieu of Computer Taxes July 1, 2011 - June 30, 2012	835.109			35,510	-	35,510
<u>Wisconsin Department of Transportation</u>						
Motorcycle Safety July 1, 2011 - December 1, 2011	20.395(4)(aq)	M/C-11-17-703-V	20,252	-	23,706	23,706
April 1, 2012 - June 30, 2012		M/C-12-17-734-V	27,145	8,287	39,532	47,819
Total Wisconsin Department of Transportation			47,397	8,287	63,238	71,525
Total State Awards				\$ 3,742,511	\$ 966,712	\$ 4,709,223

Wisconsin Indianhead Technical College District

Notes to the Schedules of Expenditures of Federal and State Awards

Year Ended June 30, 2012

Note 1 Basis of Presentation

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of Wisconsin Indianhead Technical College District under programs of the federal and state government for the year ended June 30, 2012. The information in these schedules is presented in accordance with the requirements of OMB-Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of Wisconsin Indianhead Technical College District, it is not intended to represent the financial position, changes in net assets, or cash flows of Wisconsin Indianhead Technical College.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 220, *Cost Principles for Educational Institutions (OMB Circular A-21)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 Reconciliation

State:

Revenues per statement of revenues, expenses and changes in net assets:

Operating revenues - State Grants	\$ 879,057
Nonoperating revenues - State nonoperating appropriations	2,078,508
Farm Business and Production Management Training	21,386
Fire Fighter Training 2%	58,286
Higher Education Aids Board assistance	705,274
<hr/>	
State revenue per schedule of expenditures of federal awards	<u>\$ 3,742,511</u>

Single Audit Section



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

District Board
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Wisconsin Indianhead Technical College District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Wisconsin Indianhead Technical College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Wisconsin Indianhead Technical College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wisconsin Indianhead Technical College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wisconsin Indianhead Technical College District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wisconsin Indianhead Technical College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Wisconsin Indianhead Technical College District in a separate letter dated December 18, 2012.

This report is intended solely for the information and use of management, the District Board, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 18, 2012
Eau Claire, Wisconsin

Independent Auditor's Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Federal and State Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

District Board
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

Compliance

We have audited the compliance of the Wisconsin Indianhead Technical College District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. Wisconsin Indianhead Technical College District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Wisconsin Indianhead Technical College District's management. Our responsibility is to express an opinion on the Wisconsin Indianhead Technical College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Wisconsin Indianhead Technical College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Wisconsin Indianhead Technical College District's compliance with those requirements.

In our opinion, the Wisconsin Indianhead Technical College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Wisconsin Indianhead Technical College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Wisconsin Indianhead Technical College District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wisconsin Indianhead Technical College District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District Board, management, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Wipfli LLP

December 18, 2012
Eau Claire, Wisconsin

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be a material weakness? No

Noncompliance material to financial statements? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness? No

Type of auditor's report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular A-133,
Section 510(a)? No

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

Section I - Summary of Auditor's Results (Continued)

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.048	Career & Technical Education - Basic Grants to States

Dollar threshold used to determine Type A
and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be a material weakness? No

Type of auditor's report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with the *State of Wisconsin
Single Audit Guidelines*? No

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program</u>
292.105	State Aids for Wisconsin Technical College System
292.112	Incentive Grants
292.161	Health Care Education
235.112	Handicapped Grant

Dollar threshold used to determine Type A programs \$100,000

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

Section II - Financial Statement Findings

There were no findings required to be reported in accordance with Generally Accepted Government Auditing Standards.

Section III - Federal and State Awards Findings and Questioned Costs

None

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *Wisconsin State Single Audit Guidelines*?

Wisconsin Department of Revenue	No
Wisconsin Higher Education Aids Board	No
Wisconsin Technical College System	No
Wisconsin Department of Transportation	No
Wisconsin Department of Justice	No
Wisconsin Department of Workforce Development	No
Wisconsin Department of Natural Resources	No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

Name and signature of partner



Rob Ganschow, CPA, CFE

Date of report

December 18, 2012

Wisconsin Indianhead Technical College District

Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2012

Financial Statement Findings

None

Federal and State Award Findings and Questioned Costs

None